

# CDBG PROGRAM

## SPECULATIVE INDUSTRIAL BUILDING LOAN

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MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

### PURPOSE

Assist in the location of new companies to Missouri communities and the creation of new full-time jobs primarily for low to moderate income (LMI) persons.

### AUTHORIZATION

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

### HOW THE PROGRAM WORKS

The Department of Economic Development (DED) will make a deferred loan to a not-for-profit development corporation.

### ELIGIBLE AREAS

Projects can only be in a "non-entitlement" area -- a city under 50,000 in population or a county under 200,000 in population.

### ELIGIBLE APPLICANTS

Cities and counties.

### ELIGIBLE USE OF FUNDS

The acquisition and rehabilitation of an existing building, the construction of a new building, and land acquisition and on-site infrastructure related to the building. Refinancing, marketing costs and administrative costs are not eligible.

### APPLICATION PROCEDURE

Prior to submitting an application, the city or county must complete a needs assessment and hold a properly noticed public hearing.

### FUNDING METHOD

- ✓ A Loan Agreement is executed between the not-for-profit development corporation, DED, and the city/county sponsor.
- ✓ **Interest Rate:** 1% APR

- ✓ **Term:** The loan cannot exceed 30 months from the day of the first draw of loan proceeds.
- ✓ **Collateral:** An irrevocable letter of credit from an accredited financial institution for principal and interest, expiring no earlier than 30 days from the maturity date of the loan.

### FUNDING LIMITS

The borrower must have exhausted all other funding sources. The loan is limited to the lesser of \$1,000,000 per project or \$25,000 per new full-time year-round job.

### SPECIAL PROGRAM REQUIREMENTS

- ✓ **LMI Employees:** At least 51% of the new jobs to be created must be filled by persons considered "low to moderate income" (LMI).
- ✓ **Prevailing Wage Requirement:** If loan proceeds are used for the financing of building construction or the installation of machinery, prevailing wages must be paid to the employees of the contractors.

### CONTACT

**MISSOURI**

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### ADDITIONAL RESOURCES

Go to the department's home page at [www.missouridevelopment.org](http://www.missouridevelopment.org) to obtain guidelines and forms for the CDBG Speculative Industrial Building Loan Program as well as information regarding Missouri's many other economic development programs and policies.